

## Petition P4-0009, filed on behalf of U.S. rice producers.

### **Background:**

On December 4, 2003, the Federal Register published notice that the US Rice Producers Association, Houston, Texas, had filed a petition for trade adjustment assistance on behalf of all rice producers in the United States.

The petition indicated that the marketing year impacted by imports was August 2002 - July 2003. The 5-year base period used for the purpose of a price comparison began August 1997.

The petition identified all imports of rice under Harmonized Tariff Schedule number 1006 as like or directly competitive with U.S.-produced rice.

### **Analysis:**

USDA evaluated average producer prices for rough rice compiled by the National Agricultural Statistics Service (NASS). Based on this data, USDA found that in 2002/03, producers received an average price of \$4.22 per cwt. The average price for the 5-year base period was \$6.88 per cwt. The 2002/03 price was 61.3 percent of the 5-year average, indicating a decline of 38.7 percent from the base period.

The United States is a major rice exporter with shipments 8-9 times the level of imports.

The majority of rice imports are aromatic varieties, such as jasmine and basmati rice. During 1997-2002, unit import prices declined 32 percent while U.S. producer prices for rice declined 56 percent. The smaller decline in unit import prices suggests that imports do not compete directly with U.S. rice production.

Between 2001/02 and 2002/03, imports increased 12 percent reflecting sales of medium grain rice to Puerto Rico from Australia and China. Puerto Rico historically consumed medium grain rice produced in California and the mid-South, but farmers in these regions have been switching their production to long grain rice.

Since 1986/87, U.S. rice prices have been free to rise and fall in accordance with world supply and demand fundamentals. Large world exportable supplies and weaker international trade have led to lower world prices.

During 2002/03, U.S. rice supplies were the largest on record due to the largest carry-in stocks of U.S. rice since 1992/93, the second largest rice crop, and slightly larger imports. Between 1997/98 and 2002/03, U.S. rice production increased 28 million cwt., while rice imports rose 5.6 million cwt. Production grew to fulfill the needs of an expanding domestic market and to supply record demand in export markets.

**Reason for denial of petition:**

Key factors contributing to the decline in producer prices were the growth in U.S. production and increased carry-in stocks of U.S.-produced rice. Because increased imports did not contribute importantly to the decline in domestic producer prices, the petition was denied. Notice was published in the Federal Register on January 13, 2004.